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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST

United Nations Disengagement Observer Force

United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financing of the United Nations Disengagement Observer Force (UNDOF) (A/49/553/Add.1) and the United Nations Interim Force in Lebanon (UNIFIL) (A/49/644/Add.1). During its consideration of the reports, representatives of the Secretary-General provided additional information to the Advisory Committee.

2. The two reports contain information on the financial performance report for the period from 1 December 1993 to 30 November 1994 in the case of UNDOF and from 1 February 1994 to 31 January 1995 in connection with UNIFIL, as well as the status of assessed contributions and actions to be taken by the General Assembly at its forty-ninth session.

3. The Advisory Committee requested information from the Secretariat on unencumbered balance, surplus balance and interest income. The reply is contained in the annex to the present report.

4. In the opinion of the Advisory Committee, the performance reports reflect significant improvements, particularly in respect of the explanation provided for the various savings/overexpenditures and in respect of some equipment, such as vehicles. Upon inquiry, the Committee was informed that the fleet of vehicles for the two missions is owned by the United Nations and that seven armed personnel carriers with UNDOF and 26 armoured fight vehicles with UNIFIL belong to the United Nations.

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I. UNITED NATIONS DISENGAGEMENT OBSERVER FORCE

5. With regard to assessed contributions for UNDOF, the Advisory Committee notes from paragraph 5 of the report (A/49/553/Add.1) that for the period from inception to 30 November 1994, an amount of $1,057.6 million was apportioned among Member States, against which payments of $996.2 million had been received as at 31 March 1995, leaving an outstanding balance of $61.4 million from Member States.

6. Annex I to the report shows the apportionment of resources provided to UNDOF for the period from 1 December 1993 to 30 November 1994, as well as actual expenditure for the same period, and supplementary information is provided in annex II. The report shows an unencumbered balance in the amount of $805,000 gross ($891,000 net).

7. The Advisory Committee notes in paragraph 1 of annex II to the report that an overexpenditure of $171,000 under military personnel costs was a result of higher requirements for standard troop costs reimbursements owing to the delayed departure of one contingent in December 1993.

8. In paragraph 3 of annex II, it is reported that savings of $155,000 under civilian personnel costs in the case of local staff salaries, common staff costs and general temporary assistance, which were attributable to vacancies, were offset in part by additional requirements of $139,000 under international staff salaries. The Committee was informed that the overexpenditure under international staff salaries was a result of these salaries being paid at higher levels than budgeted. The Committee was also informed that experienced staff in both UNDOF and UNIFIL were sent to newly established missions, which, in part, is the reason for vacancies in the case of international staff. In his next reports on UNDOF and UNIFIL, the Secretary-General should provide updated information on these vacancies and the continued need for the related posts.

9. The Advisory Committee concurs with the Secretary-General's proposal to credit Member States the amount of the unencumbered balance of $891,000 against their assessments in respect of such future mandate period(s) as may be approved by the Security Council.

II. UNITED NATIONS INTERIM FORCE IN LEBANON

10. With regard to assessed contributions for UNIFIL, the Advisory Committee notes from paragraph 6 of the report (A/49/644/Add.1) that for the period from 19 March 1978 to 31 January 1995, an amount of $2,440.8 million was apportioned among Member States, against which payments of $2,207.8 million had been received as at 31 March 1995, leaving an outstanding balance of $206.6 million due from Member States.

11. Upon inquiry, the Advisory Committee was informed that the Secretary-General had authorized a reduction in the strength of contingents from 5,055 to 5,015.

12. Annex I to the report shows the apportionment of resources provided to UNIFIL for the period from 1 February 1994 to 31 January 1995, as well as actual expenditure for the same period, and supplementary information is provided in annex II. The report shows an unencumbered balance in the amount of $1,755,000 gross ($16,000 net), including amounts for former periods. These savings are due mainly to lower military personnel costs as the result of reductions in troop strength requirements; lower civilian personnel costs under international and local staff salaries, mainly attributable to vacancies; and under transport operations, cancellations of vehicle purchases. The savings were nearly offset by higher requirements under death and disability compensation because of outstanding obligated claims for service-incurred deaths and injuries suffered by contingents. Upon inquiry, the Committee was informed that the need to obligate additional funds for death and disability for the financial performance report period from 1 February 1994 to 31 January 1995, was based on claims for deaths (19) and injuries (116). These claims are currently estimated at $16 million, including prior periods. An amount of $5.8 million is currently obligated for the period from February 1989 to January 1994, hence the current proposal to add another $9.3 million to this amount for the 1994/1995 fiscal year.

13. Upon inquiry, the Advisory Committee was informed that the amount shown in paragraph 18 of annex II to the report for the support account for peace-keeping operations was based on actual expenditures under civilian personnel staffing. This approach is consistent with previous recommendations of the Advisory Committee as approved by the General Assembly.

14. The Advisory Committee concurs with the Secretary-General's proposal in paragraph 7 of the report to credit Member States the amount of the unencumbered balance of $16,000 against their assessment in respect of such future mandate period(s) as may be approved by the Security Council.

ANNEX

Information received from the United Nations Secretariat

Unencumbered balance

1. An unencumbered balance is the amount remaining from an appropriation/authorization after deducting the expenditure relating to the purpose for which the appropriation/authorization was provided. The unencumbered balance assumes that the entire appropriation/authorization is collectable from Member States and, therefore, does not take into consideration any outstanding assessment that may exist.

Excess of income over expenditure ("surplus" balance)

2. The excess of income over expenditure is generally referred to as a "surplus" balance. The word "income" includes assessed contributions, irrespective of collectability, plus interest income and miscellaneous income.

Interest income

3. Interest income consists of amounts derived from short-term investments of unused cash currently in hand to meet future payment of debts. The investment period ranges from overnight to approximately a week or two. Interest income is credited to the account under which the short-term investment was made.

UNDOF and UNIFIL

4. In the cases of UNDOF and UNIFIL, owing to the size of outstanding assessments, all income, including interest income, has been used to meet cash flow needs. The UNDOF and UNIFIL accounts had outstanding assessments at the end of April 1995 of $25.8 million and $215.8 million, respectively. These outstanding amounts represented approximately 83 per cent and 165 per cent of the annual cost of UNDOF and UNIFIL, respectively.

5. In the past years, both the unencumbered balance and the surplus balance represented no more than a theoretical amount owing to the non-payment and/or late payment of assessed contributions by Member States. In order to meet cash flow requirements, these balances were drawn upon to the full extent to supplement the assessed contributions received.